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SUBJECT: TRINIDAD & TOBAGO ECONOMIC HIGHLIGHTS - FEBRUARY

The following were notable economic issues in Trinidad & Tobago during the month of February:

- [1](#)1. PM announces "Full Employment"
- [1](#)2. Inflation Continues Downward Trend
- [1](#)3. Central Bank Bond Issue Oversubscribed
- [1](#)4. Smelter Saga Continues
- [1](#)5. Amended OSHA debuts U.S. affiliate charged
- [1](#)6. Music pirates keel-hauled
- [1](#)7. Opposition questions U.K. consulting firm ties to CAL CEO, role in BWIA Heathrow slot "fire sale"
- [1](#)8. Court victory for Digicel
- [1](#)9. Engineers call for rapid bus, not rapid rail
- [1](#)10. On Location T&T - film industry incentives

[1](#)1. PM announces "Full Employment"

The Central Statistical Office (CSO) released data showing that unemployment had dropped to a historic low of 5.0 percent in the fourth quarter of 2006. PM Manning took the opportunity of a February 24 political rally to take credit for T&T's "full employment economy," prompting opposition politicians to accuse Manning of manipulating the CSO and question CSO methods, which count beneficiaries of GOTT social safety net programs as employed. Several private sector economists told reporters they saw no reason to question CSO methodology or impartiality, but did voice concern about employment sustainability, observing that most new job creation was either in T&T's booming construction sector or in government employment and programs.

[1](#)2. Inflation Continues Downward Trend

The Central Bank of Trinidad and Tobago (CBTT) reported on February 23 that inflation fell for the third consecutive month after peaking at 10 percent in October. Headline inflation measured 8.6 percent on a year-on-year basis to January, down from 9.1 percent for December 2006. Food price inflation slowed further to 20.9 percent year-on-year to January, from 22 percent in December 2006. Core inflation decreased marginally to 4.4 percent from 4.6 percent in December 2006. The Bank continues to maintain the "repo" rate at 8.0 percent.

[1](#)3. Central Bank Bond Issue Oversubscribed

The Central Bank of Trinidad & Tobago declared its second tranche of bond sales a success in a February 14 press release. By the close of the bid period for 7.80% bonds due in 2012, the Bank had received bids for TT\$911.5 million, triple the advertised amount of TT\$300 million. In response, the Central Bank increased the auction size to TT\$674 million. This sale followed on the successful issue in November of TT\$700 million in 8.00% bonds due 2014 at a face value

of \$700 million for a yield of 8.15%. Full text of the Central Bank press release is at <http://www.central-bank.org.tt/news/releases/2007/mr070214-2.pdf>.

14. Smelter Saga Continues

Alcoa continued talks with Government to identify a new location for its proposed smelter plant and also discuss the price of natural gas to power the smelter. Alcoa's Communications Director Wade Hughes was unable to say when construction of the plant would begin, since site-specific work at Chatham was discontinued after government decided to relocate the plant. He said work would recommence once a new site had been identified, agreed, and developed by the government. Hughes felt that it would be a number of years before an Alcoa aluminum smelter could be operational in Trinidad.

At a February 8 media briefing, Prime Minister Manning said the government was amenable to reversing its decision on the Chatham site in light of information that "drug elements" may have intimidated residents into opposing the planned Alcoa smelter. In response, outraged anti-smelter activists denied that drug money was being used to fund their activities, announced plans to continue opposing the smelter, and called on the Prime Minister to hold a national referendum on this issue.

15. Amended OSHA debuts, U.S. affiliate charged

The amended T&T Occupational Safety and Health Act (OSHA) 2004 made its debut in the Industrial Court on February 7, when 11 charges were laid against three companies following the collapse of scaffolding on the building site of the new Customs and Excise building on July 12, 2006. Twenty workers were injured and one lost a leg in the accident. Following investigations by a U.S.-based

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scaffolding firm, four charges were laid against NH International (Caribbean) Limited, six against Safeway Access and Support Systems Limited (SASSL) who erected the scaffolding (six charges), and a single charge against project manager Turner Alpha Limited, local affiliate of U.S. company Turner Construction-International LLC. Preliminary hearings are scheduled for May 9 and 10. Each charge upheld carries a fine of US\$16,000. Reports indicate that the three companies intend to challenge the legality of the amended 2004 Act.

16. Music pirates keel-hauled

In another triumph against music piracy, four music pirates nabbed in December and January police raids pled guilty to piracy charges in Port of Spain's Magistrates' court February 2. They were fined from US\$400 to US\$700 or ordered to serve three months in prison if in default. The Copyright Organization of T&T (COTT) reported that all seized vending carts, electronic equipment and CDs will be destroyed per provisions in the T&T Copyright Act. Police continue to conduct periodic raids, including one on February 26 in which eight vendors were arrested and charged for piracy.

17. Opposition questions U.K. consulting firm ties to CAL CEO, role in BWIA Heathrow slot "fire sale"

Opposition United National Congress (UNC) Senator Wade Mark raised queries in the Senate on possible ties between UK consulting firm Catelli PLC and Caribbean Airlines (CAL) chief executive officer Peter Davies that would constitute a conflict of interest. Catelli was retained for US\$2.5 million to work with Davies on the BWIA-to-CAL transition. In response, GOTT Minister in the Ministry of Finance Conrad Enill said that he would have to investigate Senator Mark's claim. Responding to another question from Mark, Enill confirmed that Catelli PLC was involved in benchmarking prices for Heathrow Airport slots which were sold to British Airways for five million UK pounds plus a three-year codeshare on direct flights between T&T and London/Gatwick three times weekly. The sale has

drawn local criticism that the T&T carrier was short-changed. Enill disclosed that Virgin Atlantic had offered the one other bid, 5.75 million UK pounds, but was only willing to fly from T&T to Gatwick via Barbados.

18. Court victory for Digicel

Trinidad and Tobago High Court ruled in favor of Irish mobile carrier Digicel in its court action against local incumbent TSTT over interconnection. Three orders were granted by High Court Judge Nolan Bereaux (1) that TSTT stop blocking Digicel from using its networks, including for international calls; (2) that TSTT provide additional circuits for Digicel to operate; and (3) that a former TSTT employee be allowed into Nelson Exchange to ascertain whether

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TSTT had been blocking calls. A TSTT representative said the

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company was disappointed in the decision as it creates a dangerous precedent for anyone requiring interconnection to bypass the express provisions of the Telecommunications Act and obtain such services at no costs. TSTT plans to appeal the Court's decision.

19. Engineers call for rapid bus, not rapid rail

The Trinidad and Tobago Association of Professional Engineers (APETT) called on Government to consider a bus rapid transit system as an alternative to the proposed US\$1.1 billion rapid rail system which is projected to take eight years to complete. The rapid bus system could be operational within six to 12 months. Speaking at an APETT forum, transport consultant Dr. Rae Furlonge expressed doubts that the rapid rail system would help solve T&T's transportation problems and mandated the APETT to prepare a transportation plan in one month and submit it to Prime Minister Manning. Furlonge blamed limited past development of public transport for current traffic congestion. A study conducted by Parsons Brinckerhoff in 2004 showed that from 1966 to 1996, road infrastructure improved by five percent, population increased by 39.7 percent and the number of car licenses issued increased by 300 percent. Government is expected to award a contract for the construction of the proposed rapid rail system shortly.

10. On location T&T - film industry incentives

In an effort to promote Trinidad & Tobago as a viable film location, the T&T Film Company (TTFC), a Government agency, announced a package of incentives to woo foreign filmmakers. The rebate packages approved by Cabinet for local and international production expenditure (i.e. employment, catering, vehicle rentals and accommodation) are 12.5 percent for spending between US\$200,000 and

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US\$500,000, 15 percent for US\$500,000 to US\$1 million, and 30 percent for spending in excess of US\$1 million. To add to this initiative The University of the West Indies and the University of Trinidad and Tobago are now offering degrees in this field. According Carla Foderingham, CEO of TTFC, in 2006 the company had 65 projects including an MTV TV series, the Japanese reality series Ainori and commercials for Malibu Rum. Two foreign teams recently visited TT to explore the possibility of shooting films locally.

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